

From: Wallingford, Ted
To: Microsoft ATR
Date: 1/21/02 2:46pm
Subject: Microsoft Settlement

Hello Justice Department, Attorney General, and Ms. Hesse:

Ideas for your proposal for settling the Microsoft case (or trial of Microsoft, if it happens) are included in this letter.

Microsoft does in fact relish an unfair advantage over other manufacturers of operating system software. They control all aspects of software development for Intel-compatible PCs, and even flaunt control over distribution and manufacture of Intel-compatible PCs. PC makers, while sometimes ethically unsure of their software-bundling decisions, invariably end up choosing Microsoft's software to bundle with their machines, whether or not it is in fact better.

Better, more stable products do exist. This is not to say Microsoft's products are bad or good, as that type of judgment isn't what's being requested of the Federal Court. However, Red Hat, Apple, and Corel make operating systems and applications for their alternative operating systems which could raise the competitive ante for Microsoft if only the constraints placed by Microsoft on the PC makers could somehow be loosened. The quality of competitor's operating system products (Apple included) is often held up as superior to Microsoft's, and it has been this way for a long time. Yet, Microsoft's dominance of the market has persisted for well over a decade. This is unquestionable and strong evidence of an unfair monopoly.

The Microsoft-proposed antitrust settlement will NOT solve these problems, or the countless other problems incurred by the MS juggernaut, including anticompetitive stifling of Sun's Java application technology through deliberate introduction of incompatibilities, and subsequent elimination of software competitors by acquisition or other tactics, then subsequent aggressive inflation of software prices in the wake left by lack of competition. I am less concerned about the Netscape vs. Explorer issue, however I submit that Microsoft used (less severe) anticompetitive tactics (forcing PC makers to bundle) that, when combined with business mistakes on Netscape's part, led to Netscape's irrelevance in the marketplace.

The only way to solve the problems outlined herein is to restructure Microsoft as three separate companies. One which manufactures and markets the operating system software, one which manufactures the application software and games, and one which manufactures the development tools.

Only in this way can unfair leveraging the loss of compatibility with one type of software (an OS or a development tool) be reason for consumers not to choose a software product of another type from another vendor. You can't switch away from Windows because Microsoft makes 90% of the applications

most commonly used on Windows. You can't switch away from Microsoft development tools because the secret methods in which the best applications are developed are only known to those developers who choose Microsoft development tools like Visual C++. Even then, the core 3 killer performance² APIs are known only to Microsoft, in order to give the applications they develop a built-in advantage over those of their competitors.

Is it possible to hold Microsoft in contempt because of their recent settlement proposal, which amounts to nothing but a grant of more unfairly-gained marketshare and loss of choice for poor schools? Poor schools may not have as much money as others, but to take away their choice is completely inconsiderate of the constitution, and damaging to the school programs themselves. Poor and often failing schools don't need computers, they need more involved parents, more professional teachers, and more importantly competition. Microsoft's proposed settlement would have done nothing to help the essential problem of poor American schools (which are wealthy by many global standards).

Whatever disciplinary action is taken against the monopolistic giant, please clearly design it to rectify the wrongs Microsoft has been convicted of. Rather than brushing aside the ruthless and morally bankrupt actions Microsoft has committed in exchange for a half-million dollars in marginal (tax-deductible) expenses from Microsoft to poor schools, please make the penalty severe enough to notice, compensatory to victimized corporate competitors and consumers, and relevant to the infractions committed! What do poor schools have to do with the Microsoft-incurred losses at Sun, Netscape, and Apple? Nothing!

Find a way to restore competition to this free market. Begin by allowing Windows developers to be free enough to develop for other platforms. Then, allow Windows consumers to switch platforms if so desired. Platform-switching means consumer-spending, and while it will ensure developers who develop for non-Windows platforms won't get burnt for doing so, consumers switching platforms means more competition, lower prices, high consumer spending in the technology sector, more willingness for long-term spending (upgrading software), and more tax revenue.

Finally, separate the Microsoft that makes Windows applications from the Microsoft that makes Windows itself, and force the former to develop applications for other platforms, because a heterogeneous marketplace keeps prices down and innovation up. Imagine if there was only one maker of automobiles! This is where the market is headed unless one of two things happens. 1. The DOJ submits a heavy-handed but fair counterproposal, or 2. Three quarters of Microsoft's competitors merge assets and go in to debt for thirty years in order to buy away a competitive percentage of their monopolized customer base (i.e. Impossible).

Thanks for inviting me to speak. As an American, it is my privilege and thrill to do so.

Sincerely,
Ted Wallingford
Information Technology Manager
Independence Excavating, Inc.